United Nations E/CN.3/2001/19

Economic and Social Council

Distr.: General
4 December 2000

Original: English

Statistical Commission
Thirty-second session
6-9 March 2001
Item 6 (e) of the provisional agenda*
Activities not classified by field: United Nations Development Programme Human Development Report

Report of the Human Development Report Office of the United Nations Development Programme

Note by the Secretary-General

1. The Secretary-General has the honour to transmit to the Statistical Commission the observations of the Human Development Report Office of the United Nations Development Programme concerning the report of the Friends of the Chair of the Statistical Commission entitled "An assessment of the statistical criticisms made of the Human Development Report, 1999" (E/CN.3/2001/18), which is contained in the annex.

Points for discussion

2. The Commission may wish to consider these observations when it considers the report of the Friends of the Chair.

* E/CN.3/2001/1.

00-79655 (E) 310101

Annex

Observations concerning the report of the Friends of the Chair of the Statistical Commission on an assessment of the statistical criticisms made of the Human Development Report, 1999

Report of the Human Development Report Office of the United Nations Development Programme

1. The Human Development Report Office of the United Nations Development Programme (UNDP) finds the report of the Friends of the Chair of the Statistical Commission (E/CN.3/2001/18) to be constructive and forward-looking. We believe that it will help us to improve various aspects of statistics in the *Human Development Report* in the future.

2. We are committed to achieving high standards of rigour and professionalism, and agree with the Friends of the Chair that considerations of popularity, effect and trust, impose a special burden on the Human Development Report Office to adhere to the highest standards of good statistical practice (see E/CN.3/2001/18, para. 52).

3. We have noted the conclusion of the Friends of the Chair that, taking an overview of the entire *Human Development Report* and assessing the deficiencies that they were able to confirm, the credibility of the main statistical tables in the *Human Development Report* was not substantially affected by the errors observed (see E/CN.3/2001/18, para. 62). This is an important conclusion, which we appreciate, but we have noted the need for improvements to which the report also refers.

4. We are also encouraged by the conclusion of the Friends of the Chair that they see the steps which the Human Development Report Office is undertaking (see E/CN.3/2001/18, para. 53), together with our specific recommendations, as providing a reasonable route to avoiding both errors of choice and errors in calculations (see E/CN.3/2001/18, para. 60). We also believe that we are on course to make major improvements.

5. The steps we are taking are:

(a) We are reviewing the general principles in our use of statistics in the *Human Development Report*;

(b) We are taking a much more active part in the debates among statisticians on issues of measuring human development. This includes participation in Statistical Commission and ACC subcommittee meetings;

(c) We are undertaking a thorough review of the use and presentation of statistics in the *Human Development Report* and the procedures in the preparation of indicator tables;

(d) We have set up a statistical advisory panel to meet twice a year at crucial stages in the Human Development Report Office work cycle. The first meeting took place in September 2000. We envisage that each panel will serve for two years;

(e) We have appointed Tom Griffin, former Director of Statistics, Economic Commission for Europe, as Senior Adviser on Statistics, to advise us on all aspects of statistics in the *Human Development Report*, including the steps listed above.

6. As indicated in the report of the Friends of the Chair, the issue underlying many of the criticisms of the *Human Development Report* is the choice of methods for international comparisons, for example of incomes or gross domestic product (GDP). In particular, there are differences of opinion and practice in the use of exchange rates as opposed to purchasing power parities (PPP); like other international organizations, we use both methods. In some cases, there would be little disagreement about the better method, but in other cases there is room for debate. When comparing the internal purchasing power of incomes, the PPP approach is now the accepted method. But there are instances in which exchange rates are still preferred, such as when comparing GDP or government revenue with the international debts that can be such a burden on developing countries.

7. We have discussed this issue with our statistical advisory panel and are consulting other users too. Meanwhile, we have commissioned a study of the appropriate use of PPP and exchange rates in the *Human Development Report*.

8. These observations and some earlier papers are available on the Human Development Report Office web site at:

http://www.undp.org/hdro